

6672--A

I N   S E N A T E

February 26, 2014

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Introduced by Sen. KLEIN -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance -- reported favorably from said committee and committed to the Committee on Finance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the insurance law, in relation to establishing a public awareness program on the availability of long term health care insurance and the tax credits therefor, and accelerating payment of death benefits or a special surrender value pursuant to a life insurance policy upon receipt of end of life or palliative care

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     Section 1. The insurance law is amended by adding a new section 342  
2     to read as follows:

3     S 342. PUBLIC AWARENESS TO FINANCE LONG TERM CARE. THE DEPARTMENT,  
4     DEPARTMENT OF HEALTH, OFFICE FOR THE AGING AND DEPARTMENT OF TAXATION  
5     AND FINANCE MAY JOINTLY ESTABLISH AND CONDUCT A PUBLIC AWARENESS PROGRAM  
6     ON THE AVAILABILITY AND COVERAGE PROVIDED BY LIFE INSURANCE AND HEALTH  
7     INSURANCE PLANS FOR LONG TERM CARE, AND THE PROVISIONS OF VARIOUS TAX  
8     CREDITS THEREFOR.

9     S 2. Paragraph 1 of subsection (a) of section 1113 of the insurance  
10    law, as amended by chapter 563 of the laws of 2010, is amended to read  
11    as follows:

12    (1) "Life Insurance," means every insurance upon the lives of human  
13    beings, and every insurance appertaining thereto, including the granting  
14    of endowment benefits, additional benefits in the event of death by  
15    accident, additional benefits to safeguard the contract from lapse,  
16    accelerated payments of part or all of the death benefit or a special  
17    surrender value upon (A) diagnosis of terminal illness defined as a life  
18    expectancy of twelve months or less, (B) diagnosis of a medical condi-  
19    tion requiring extraordinary medical care or treatment regardless of  
20    life expectancy, (C) certification by a licensed health care practition-  
21    er of any condition which requires continuous care for the remainder of  
22    the insured's life in an eligible facility or at home when the insured

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

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1 is chronically ill as defined by Section 7702(B) of the Internal Revenue  
2 Code and regulations thereunder, provided the accelerated payments qual-  
3 ify under Section 101(g)(3) of the Internal Revenue Code and all other  
4 applicable sections of federal law in order to maintain favorable tax  
5 treatment, (D) certification by a licensed health care practitioner that  
6 the insured is chronically ill as defined by Section 7702 (B) of the  
7 Internal Revenue Code and regulations thereunder, provided the acceler-  
8 ated payments qualify under Section 101(g)(3) of the Internal Revenue  
9 Code and all other applicable sections of federal law in order to main-  
10 tain favorable tax treatment and the insurer that issues such policy is  
11 a qualified long term care insurance carrier under Section 4980c of the  
12 Internal Revenue Code or provide a special surrender value, upon total  
13 and permanent disability of the insured, and optional modes of settle-  
14 ment of proceeds, [or] (E) the insured's having been a resident of a  
15 nursing home, as defined in section twenty-eight hundred one of the  
16 public health law, for a period of three months or more, with an expec-  
17 tation that such insured will remain a resident of a nursing home until  
18 death, OR (F) THE INSURED'S HAVING BEEN THE RECIPIENT OF END OF LIFE OR  
19 PALLIATIVE CARE, FOR A PERIOD OF THREE MONTHS OR MORE, AT A RESIDENTIAL  
20 HEALTH CARE FACILITY AS DEFINED IN SUBDIVISION THREE OF SECTION TWENTY-  
21 EIGHT HUNDRED ONE OF THE PUBLIC HEALTH LAW, HOME CARE SERVICES AS  
22 DEFINED IN SUBDIVISION ONE OF SECTION THIRTY-SIX HUNDRED TWO OF THE  
23 PUBLIC HEALTH LAW OR HOSPICE AS DEFINED IN SUBDIVISION ONE OF SECTION  
24 FOUR THOUSAND TWO OF THE PUBLIC HEALTH LAW, WITH THE EXPECTATION THAT  
25 SUCH INSURED WILL CONTINUE TO REQUIRE SUCH SERVICES UNTIL DEATH. "Life  
26 insurance" also includes additional benefits to safeguard the contract  
27 against lapse in the event of unemployment of the insured or in the  
28 event the insured is a resident of a nursing home. Amounts paid the  
29 insurer for life insurance and proceeds applied under optional modes of  
30 settlement or under dividend options may be allocated by the insurer to  
31 one or more separate accounts pursuant to section four thousand two  
32 hundred forty of this chapter.

33 S 3. Subparagraph (A) of paragraph 11 of subsection (c) of section  
34 3201 of the insurance law, as amended by chapter 563 of the laws of  
35 2010, is amended to read as follows:

36 (A) The superintendent shall not approve a life insurance policy which  
37 provides for accelerated payment of death benefits or special surrender  
38 values pursuant to subparagraph (B), (C), (D) [or], (E) OR (F) of para-  
39 graph one of subsection (a) of section one thousand one hundred thirteen  
40 of this chapter unless it also provides for such accelerated payments or  
41 special surrender values pursuant to subparagraph (A) of paragraph one  
42 of subsection (a) of such section.

43 S 4. Subsection (f) of section 3230 of the insurance law, as amended  
44 by chapter 563 of the laws of 2010, is amended to read as follows:

45 (f) This section shall apply to all life insurance policies or policy  
46 riders or provisions thereof that provide for accelerated payment of  
47 death benefits or a special surrender value pursuant to subparagraph  
48 (A), (B), (C) [or], (E) OR (F) of paragraph one of subsection (a) of  
49 section one thousand one hundred thirteen of this chapter.

50 S 5. This act shall take effect on the first of January next succeed-  
51 ing the date on which it shall have become a law and shall apply to  
52 policies or contracts issued, renewed, modified, altered, or amended on  
53 or after such date.